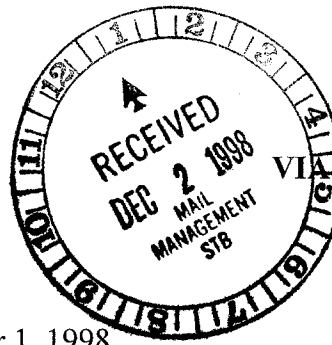


First Union Rail Corporation

One O'Hare Center
6250 River Road, Suite 5000
Rosemont, Illinois 60018-4214
847 318-7575
Fax 847 318-7588



VIA FEDERAL EXPRESS

December 1, 1998

Surface Transportation Board
Attn: Jan Fort
1925 K Street, N.W., Room 704
Washington, DC 20423-0001

RECORDATION NO. 21824 FILED

DEC 2 '98

2-21 PM

RECEIVED
SURFACE TRANSPORTATION
BOARD
DEC 2
NOV 21 PM '98

Re: Memorandum of Lease Agreement

Dear Ms. Fort:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) originals and two (2) copies of a Memorandum of Lease Agreement, dated November 13, 1998, a primary document as defined in the Board's Rules for the Recordation of Documents. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Dakota Minnesota & Eastern
Railroad Corp.
337 22nd Ave. South, P.O. Box 178
Brookings, SD 57006

A description of the railroad equipment covered by the enclosed document is set forth on Exhibit A, as attached to such Memorandum.

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned.

If you have any questions or concerns regarding the above-referenced matter, please feel free to contact me at (847) 384-5355. Thank you for your cooperation in this matter.

Very truly yours,

Susan Grokulsky
Manager - Documents Administration

Enclosures

(DME003)

ASSIGN: DME003

RECORDATION NO. 21824 FILED

EXHIBIT A
to
RIDER NO. 2A

DEC 2 '98

2-21 PM

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 13th day of November, 1998, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Dakota, Minnesota and Eastern Railroad Corp. ("Lessee"), a South Dakota corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Master Lease Agreement (the "Lease"), dated as of June 23, 1998, whereby Lessor has agreed to lease to Lessee certain railcars being described in more particular on Exhibit A attached hereto, effective as of June 23, 1998, and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: 

Name: _____

JACK THOMAS

President

Title: _____

By: 

Name: Michelle Berg

Title: Office Manager

Executed on this 13 day of November 1998.

[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

I, Susan Grokulsky, a Notary Public of the County and State aforesaid, certify that John J. Thomas personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 13th day of November, 1998.

Susan Grokulsky
Notary Public

My Commission Expires:

8/14/2000
(Notary Public)



LESSEE:

DAKOTA, MINNESOTA & EASTERN RR CORP.

ATTEST:

By: Linda Arter
Name: Linda Arter
Title: Admin. Asst.

By: Keith Kupec
Name: Keith Kupec
Title: Gm Railcar Fleet



Executed on this 1st day of Nov, 1998.

[CORPORATE SEAL]
DAKOTA MINNESOTA & EASTERN RAILROAD CORPORATION
DELAWARE
1986
STATE OF South Dakota
COUNTY OF Brookings

I, Joyce E. Hock, a Notary Public in and for said state and county, certify that Keith Kupec personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease Agreement.

WITNESS my hand and official stamp or seal, this 1st day of November, 1998.

Joyce E. Hock
Notary Public

My Commission Expires: 5-5-02

Joyce E. Hock
(Notary Public)

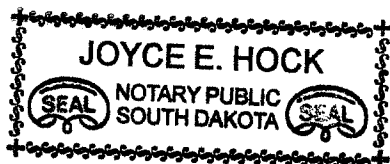


EXHIBIT A
to
Memorandum of Lease

NUMBER OF CARS:	Ten (10) cars
DESCRIPTION OF CARS:	73' Centerbeam Flatcars
CAR NUMBERS:	NOKL 732940 – 732949